

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission)	
On Its Own Motion)	
)	
Consideration of the federal standard on)	Docket No. 06-0525
interconnection in Section 1254 of the)	
Energy Policy Act of 2005)	

**REVISED REPLY COMMENTS
OF THE AMEREN ILLINOIS UTILITIES**

Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS and Illinois Power Company d/b/a AmerenIP (“Ameren Illinois Utilities”) submit these comments in response to the revised initial comments filed January 30, 2007.

The revised comments of all parties, in large part, do not disagree with adoption of the federal standard for interconnection set forth in 16 U.S.C. § 2621. Virtually every party filing comments supported implementing interconnection services to customers based upon the standards developed by the IEEE 1547 interconnection standard. For example, Commonwealth Edison Company (“ComEd”) proposes that, if the Commission adopts IEEE 1547, it should allow the utilities to specify exceptions and clarifications appropriate for the networks and systems. The Ameren Illinois Utilities do not disagree with this approach.

Staff recognized that the purpose of this docket is to decide whether to adopt the federal standard as required by 16 U.S.C. § 2621, and that “the Commission is not required to approve specific ‘agreements and procedures’”. (Staff Comments, p. 8.) The Ameren Illinois Utilities, ComEd, and MidAmerican Energy Company (“MidAmerican”) also agree that adoption of the federal standard does not require the Commission to adopt agreements

and procedures; indeed, such a task would be difficult to accomplish by the statutory deadline of August 8, 2007. However, the comments of the Environmental Law and Policy Center (“ELPC”) incorrectly suggest that the Commission should and must determine precisely which “agreements and procedures” constitute “best practices” for Illinois, and implement those practices through a rule in this docket. Staff disagrees with this approach, but recommends that the Commission “expressly order that the agreements and procedures each electric utility employs in implementing EPAct be embodied in appropriate tariffs under the tariff filing provisions of the Public Utilities Act”. (Staff Comments, p. 13.) The Ameren Illinois Utilities strongly believe that both of these recommendations are unwise and premature at best, for several reasons.

First, the record shows no identified need for an interconnection rule or tariffed procedures in Illinois. Staff’s comments indicate that the Commission has received no formal complaints regarding interconnections, and only two informal complaints, out of 120 reported interconnections since 2003. (Staff’s Comments, p. 15.) The utilities have also noted the telling lack of complaints regarding interconnection. ELPC has provided anecdotes that claim to support a rulemaking, but, read separately and taken as a whole, these statements offer no reason why any “standard rule” would simplify the interconnection process, or any individual interconnection project. Standard procedures, on the surface, sound inviting. However, when you consider the multitude of energy sources that are available for small scale generation, such as wind turbines, landfill gas, solar panels, hydro, geo-thermal, biomass, hydrogen, bio-diesel, ethanol, methanol, waste incineration and others, there is a strong likelihood that a benefit to one connection project may in fact prove

burdensome to another. Quite simply, at this time there is no evidence of any common identified problem that a rule or a tariff is meant to fix.

Second, and perhaps most importantly, there is a strong need for flexibility in this relatively new era of distributed generation connection, from everyone's standpoint. All parties appear to agree with this statement on some level. Both the utilities and the generators benefit from flexibility, in order to efficiently, safely, and appropriately respond to the changing technology of this industry.

Even today there are real examples where flexibility was key to a successful distribution generation connection. One such customer installing a 3 MW waste burner unit had equipment that was uniquely designed. The Ameren Illinois Utility installed the new equipment (including radio controlled tripping of the generation for safety reasons) at the customer's facility and was able to ensure it met the requirements of IEEE 1547. In this instance due to the unique nature of the equipment additional or rigid tariff requirements would have unduly complicated the installation process, perhaps resulting in unnecessary delays. The point being, prematurely harnessing a relatively young industry with rules that may not meet the industry's future needs, for the sole purpose of implementing a "standard rule", does not make sense.

The Ameren Illinois Utilities do not oppose the suggestion that workshops would be beneficial toward an open dialogue where the parties can express their particular concerns and the work to find solutions. This process of fine-tuning the procedures, particularly with respect to smaller interconnection projects, is supported by the parties and, due to the recent increase in small generator requests, would allow the parties to learn from each other's experiences. However, the Ameren Illinois Utilities disagree that tariff proceedings should

be set in stone for all interconnection procedures. Even though Staff has proposed that such procedures may be necessary or indicated by the record in this docket, there is no factual support for this contention. There are many utility procedures, technical and otherwise, that are not a part of a utility's tariffs – and for obvious reasons. Adding volume to the utilities' tariffs where no need is indicated would benefit no one. It seems more appropriate that if the Commission should order workshop proceedings, all stakeholders and the Commission would be in a better position at the end of those proceedings to assess whether tariff proceedings are necessary and, more importantly, for which procedures. The Ameren Illinois Utilities continue to believe that they are better able to address future connection needs, which may be unknown and unforeseeable at this time, by maintaining the flexibility to address problems as they arise. Setting strict procedures in a formal tariff would severely limit that flexibility and could only serve to complicate the process at this stage in the development of the small generator industry.

Third, it is unclear what real benefits can be achieved from “standardizing” procedures in Illinois, through a rule or a tariff, where such standards may conflict with those of neighboring state jurisdictions and with federal interconnection procedures. The ELPC claims are not compelling. Notably both the Ameren Illinois Utilities and MidAmerican must facilitate interconnection in neighboring jurisdictions, and all of the utilities have interconnection tariffs on file at FERC. Even if a utility files tariffs in Illinois that are currently “standard” within a company, there is no guarantee that such procedures will remain part of their tariffs in the future. Managing inconsistencies among those jurisdictions may needlessly complicate the interconnection process and create a strain on each utility's resources, particularly if the distributed generation industry grows and the frequency of

interconnections increases as expected. Such complication does not make sense where there is no indication that such a standard rule within Illinois' geographical boundaries would provide much, if any, real benefit to anyone.

Since IEEE 1547 was developed, we are aware of manufacturers of small generation equipment that designed products based on this standard. Changing or different standards on a state by state basis is certain to impede the use of these manufacturers' equipment. For example, there are windmill distributors who have asked if their equipment meets the utilities' specifications. They were advised the equipment must meet the requirements of IEEE 1547. As the manufacturers relied on the continued use and existence of IEEE 1547, the distributors in turn know they have a market by which to sell their product. It follows that changing the standard or adding additional standards may prove to detrimental to this emerging change in the industry. To date, utilities have been able to meet the needs of the distribution generators without regulatory intrusions.

Finally, if the Commission adopts Staff's proposal to order the utilities to file tariffs in this case, the Ameren Illinois Utilities strongly suggest that the Commission should limit the scope of this order to connections of distributed generation with capacity less than 100 kW. This distinction is important for several reasons. Based on experience, the Ameren Illinois Utilities believe that being required to develop standard procedures and form agreements for connection of smaller-sized generators would be much simpler than to do so for larger and more complex connection projects. While the Ameren Illinois Utilities believe there is no need or basis for establishing standard procedures through tariffs for any interconnection projects at this point, the companies strongly believe that an order requiring standard procedures and form agreements for all connections of distributed generation would

cause significant technical and practical problems, as well as raise the ever-present potential for federal preemption issues. Moreover, the Ameren Illinois Utilities believe that such limitations would not be inconsistent with the intended goals of a standardized process expressed by parties to this proceeding. If the Commission finds that more evidence is needed to determine whether such a limitation is appropriate, the Ameren Illinois Utilities urge the Commission to address this issue in workshops or through a separate proceeding, instead of prematurely ordering the utilities to file tariffs without fully exploring the potential for unintended negative consequences.

The Ameren Illinois Utilities are open to discussing and working cooperatively to address specific concerns and ensure fairness in the connection process, but to mandate a rule or to enact a restrictive tariff while the relevant issues are still unclear or still being developed within the industry, would likely negatively impact the emerging distributed resource market as well as cause an unnecessary burden on the utilities. If indeed parties and the Commission see a need for additional connection regulation in Illinois, it would be appropriate for the Commission to examine exactly what issues such regulation is intended to address. At this point, in these proceedings, it is difficult to ascertain what the perceived problems are with the current connection practices, if any.

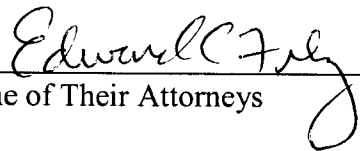
Dated: February 14, 2007

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was filed on e-Docket and served electronically to all parties of record on this 14th day of February, 2007.

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